

Annual Statement of the Financial Condition of the Massachusetts Teachers' Retirement System

To the Public Employee Retirement Administration
Commission
for the year ended June 30, 2015

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To the Public Employee Retirement Administration Commission
for the fiscal year ended June 30, 2015

DATE OF FILING: DECEMBER 18, 2015

THE MASSACHUSETTS TEACHERS' RETIREMENT BOARD

Jeff Wulfson

Chairman

Deputy Commissioner of Department of Elementary and Secondary Education

Deborah B. Goldberg

State Treasurer

Chairman, Pension Reserves Investment Management (PRIM) Board

Suzanne M. Bump

State Auditor

Dennis J. Naughton

Elected by the membership

MTRS appointed representative to the PRIM Board

Retired Massachusetts educator

Richard L. Liston

Appointed by the Board

Retired Massachusetts educator

Karen Ann Mitchell

Elected by the membership

Active Massachusetts educator

Anne Wass

Appointed by the Governor

Retired Massachusetts educator

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Online

mass.gov/mtrs



MTRS Annual Statement

For the fiscal year ended June 30, 2015

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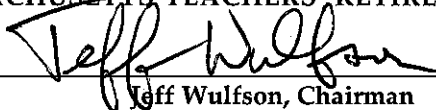
Board Certification of Annual Statement

ANNUAL STATEMENT
for the
FINANCIAL CONDITION
of the
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM
Organized under the Laws of the Commonwealth of Massachusetts
to the
COMMISSIONER OF PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
OF THE COMMONWEALTH OF MASSACHUSETTS
PURSUANT TO THE LAWS THEREOF


Massachusetts Teachers' Retirement System
One Charles Park, Cambridge, MA 02142-1206
Telephone: 617-679-6877

We, the undersigned members of the Teachers' Retirement System, certify under the penalties of perjury, that we are the official board members of said retirement system, and that on the thirtieth day of June last, all of the herein-described assets were the absolute property of said retirement system, free and clear from any liens or claims thereon, except as stated, and the following statements, with the schedules and explanations therein contained, annexed, or referred to, are a full and correct exhibit of all the assets, liabilities, income and disbursements, changes in fund balances and of the conditions and affairs of the said retirement system on the said thirtieth day of June last, and for the year ended on that date, according to the best of our information, knowledge and belief, respectively.

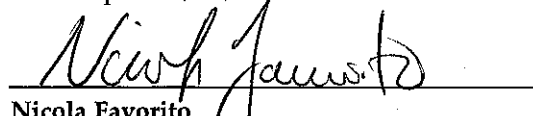
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM


Jeff Wulfson, Chairman

Designee of Commissioner of Elementary and Secondary Education

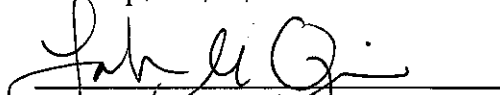

Dennis J. Naughton, Board Member
Term expires 12/31/2015

Richard L. Liston, Board Member
Term expires 1/31/2016


Nicola Favorito
Designee of Deborah B. Goldberg

Karen Ann Mitchell, Board Member
Term expires 12/31/2015


Anne Wass, Board Member
Term expires 4/18/2018


Joannah M. Quinn
Designee of Suzanne M. Bump

Public Pension Coordinating Council Award



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2015***

Presented to

Massachusetts Teachers' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Alan H. Winkle'.

Alan H. Winkle
Program Administrator

Members of the Board



Jeff Wulfson
Chairman

Deputy Commissioner
of Department of
Elementary and
Secondary Education



Karen Ann Mitchell

Elected by
the membership

Active Massachusetts
educator



Deborah B. Goldberg
State Treasurer

Chairman,
Pension Reserves
Investment
Management (PRIM)
Board



Anne Wass

Appointed by
the Governor

Retired
Massachusetts
educator



Suzanne M. Bump
State Auditor



Dennis J. Naughton

Elected by the
membership

Retired Massachusetts
educator;
MTRS appointed
representative
to the PRIM Board



Richard L. Liston

Appointed by the
Board

Retired
Massachusetts
educator

Annual Statement Balance Tests

For the year ended June 30, 2015

2015

ASSET BALANCE

Assets Previous Year	\$ 25,538,645,330
Income Current Year	2,860,878,313
Disbursements Current Year	2,970,455,458
Assets Current Year	\$ 25,429,068,185

ASSET DIFFERENCE

Assets Current Year	\$ 25,429,068,185
Assets Previous Year	25,538,645,330
Difference	\$ (109,577,145)

INCOME DIFFERENCE

Income Current Year	\$ 2,860,878,313
Disbursements Current Year	2,970,455,458
Difference	\$ (109,577,145)

FUND CHANGE DIFFERENCE

Total Fund Change Credits Current Year	\$ 4,331,658,480
Total Fund Change Debits Current Year	4,441,235,625
Difference	\$ (109,577,145)

Annual Statement Balance Tests

Continued

Three-Year Comparison

	Fiscal 2015	Fiscal 2014	Fiscal 2013
ASSET BALANCE			
Assets Previous Year	\$ 25,538,645,330	\$ 22,698,277,296	\$ 20,980,553,770
Income Current Year	2,860,878,313	5,665,476,722	4,394,143,815
Disbursements Current Year	2,970,455,458	2,825,108,688	2,676,420,289
Assets Current Year	\$ 25,429,068,185	\$ 25,538,645,330	\$ 22,698,277,296

ASSET DIFFERENCE			
Assets Current Year	\$ 25,429,068,185	\$ 25,538,645,330	\$ 22,698,277,296
Assets Previous Year	25,538,645,330	22,698,277,296	20,980,553,770
Difference	\$ (109,577,145)	\$ 2,840,368,034	\$ 1,717,723,526

INCOME DIFFERENCE			
Income Current Year	\$ 2,860,878,313	\$ 5,665,476,722	\$ 4,394,143,815
Disbursements Current Year	2,970,455,458	2,825,108,688	2,676,420,289
Difference	\$ (109,577,145)	\$ 2,840,368,034	\$ 1,717,723,526

FUND CHANGE DIFFERENCE			
Total Fund Change			
Credits Current Year	\$ 4,331,658,480	\$ 7,191,222,286	\$ 5,554,242,165
Total Fund Change			
Debits Current Year	4,441,235,625	4,350,854,252	3,836,518,639
Difference	\$ (109,577,145)	\$ 2,840,368,034	\$ 1,717,723,526

Assets and Liabilities

		Fiscal 2015	Fiscal 2014	Fiscal 2013
1040	Cash	\$ 92,830,443	\$ 126,380,632	\$ 115,676,832
1198	PRIT Cash Account	25,844,400	30,966,884	35,510,605
1199	PRIT Capital Fund	25,215,178,709	25,293,748,003	22,444,808,144
1398	Accounts Receivable	92,257,218	84,389,653	98,654,863
1400	Prepaid Postage	159,812	225,958	222,874
1350	Prepaid Contracts	94,595	72,571	325,804
1900	Intangible Software Costs	15,220,975	15,095,812	13,152,259
2020	Accounts Payable	(5,511,199)	(3,709,563)	(10,074,085)
2097	Deferred Revenue	(7,006,768)	(8,524,620)	—
	Total	\$ 25,429,068,185	\$ 25,538,645,330	\$ 22,698,277,296
3293	Annuity Savings Fund	\$ 6,431,101,388	\$ 6,136,293,889	\$ 5,933,509,751
3294	Annuity Reserve Fund	2,497,337,278	2,532,361,548	2,505,338,054
3295	Military Service Fund	221,025	222,989	219,177
3296	Pension Fund	—	—	—
3298	Expense Fund	—	—	—
3297	Pension Reserve Fund	16,500,408,494	16,869,766,904	14,259,210,314
	Total	\$ 25,429,068,185	\$ 25,538,645,330	\$ 22,698,277,296

Statement of Funds Flow

	July 1 2014 Balance	Receipts	Inter-Fund Transfers	Disbursements	June 30 2015 Balance
Annuity Savings Fund	\$ 6,136,293,889	\$ 724,934,872	\$ (380,674,319)	\$ 49,453,054	\$ 6,431,101,388
Annuity Reserve Fund	2,532,361,548	78,540,492	380,688,090	494,252,852	2,497,337,278
Pension Fund	0	1,159,936,404	1,089,891,433	2,249,827,837	0
Military Service Fund	222,989	11,807	(13,771)	0	221,025
Expense Fund	0	176,921,715	0	176,921,715	0
Pension Reserve Fund	16,869,766,904	720,533,023	(1,089,891,433)	0	16,500,408,494
Total All Funds	\$ 25,538,645,330	\$ 2,860,878,313	\$ 0	\$ 2,970,455,458	\$ 25,429,068,185

INTER-FUND TRANSFERS

Transfer from...	Annuity Savings Fund	Annuity Reserve	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total
Annuity Reserve Fund to Pension Reserve Fund	\$ 0	\$ 0	0	0	0	0	0
Annuity Savings Fund to Annuity Reserve Fund	\$(380,674,319)	\$ 380,674,319	0	0	0	0	0
Military Annuity Reserve Fund	\$ 0	13,771	0	(13,771)	0	0	0
Pension Reserve Fund to Pension Fund for Fund Pensions	0	0	\$1,089,891,433	0	0	\$(1,089,891,433)	0
	\$(380,674,319)	\$ 380,688,090	\$1,089,891,433	(13,771)	0	\$(1,089,891,433)	0

Receipts

		Fiscal 2015	Fiscal 2014	Fiscal 2013
Annuity Savings Fund				
4891	Members' Deductions	\$ 669,941,211	\$ 653,327,864	\$ 642,694,389
4892	Transfers from Other Systems	16,399,038	18,237,305	12,058,849
4893	Member Make-Up Payments and Redeposits	16,296,203	16,405,508	14,775,371
4900	Member Payments from Rollovers	16,592,253	12,870,651	13,617,125
4820	Investment Income Credited to Members' Accounts	5,706,167	5,475,985	5,307,164
	Subtotal	\$ 724,934,872	\$ 706,317,313	\$ 688,452,899
Annuity Reserve Fund				
4820	Investment Income	78,540,492	79,644,451	76,982,684
	Subtotal	\$ 78,540,492	\$ 79,644,451	\$ 76,982,684
Pension Fund				
4894	QEBA	0	50,000	50,000
4898	3(8)(c) Reimbursements from Other Systems	20,899,153	21,175,997	15,424,275
4899	Received from Commonwealth for COLA	208,707,359	192,314,768	176,181,559
4894	Pension Fund Appropriation	930,307,642	843,103,232	937,065,856
4840	Workers' Compensation Settlement	22,250	34,346	45,585
	Subtotal	\$ 1,159,936,404	\$ 1,056,678,343	\$ 1,128,767,275
Military Service Fund				
4890	Contributions Received for Military Service	11,583	3,590	13,372
4820	Investment Income	224	222	221
	Subtotal	\$ 11,807	\$ 3,812	\$ 13,593
Expense Fund				
4896	Expense Fund Appropriation	176,921,715	173,839,873	157,726,587
	Subtotal	\$ 176,921,715	\$ 173,839,873	\$ 157,726,587
Pension Reserve Fund				
4889	Commonwealth Capital Gain Revenue	0	1,443,260	14,856,770
4831	Federal Grant Reimbursement	3,618,410	3,431,861	4,958,158
4822	Interest Not Refunded	225,100	305,777	294,658
4820	Excess Investment Income	716,689,191	3,643,805,292	2,322,089,578
4825	Section 91, Recovery Due to Excess Earnings	322	6,740	1,614
	Subtotal	\$ 720,533,023	\$ 3,648,992,930	\$ 2,342,200,778
TOTAL RECEIPTS		\$ 2,860,878,313	\$ 5,665,476,722	\$ 4,394,143,815

Disbursements

		Fiscal 2015	Fiscal 2014	Fiscal 2013
Annuity Savings Fund				
5757	Refunds to Members	\$ 36,884,281	\$ 36,744,377	\$ 31,726,029
5757.1	Section 11 Active Death Refunds	1,787,757	2,305,472	1,530,651
5756	Transfers to Other Systems	10,781,016	8,114,298	7,352,843
	Subtotal	\$ 49,453,054	\$ 47,164,147	\$ 40,609,523
Annuity Reserve Fund				
5750	Annuities Paid	494,252,852	435,130,575	434,152,064
5759	Option B Refunds	—	—	—
	Subtotal	\$ 494,252,852	\$ 435,130,575	\$ 434,152,064
Pension Fund				
5751	Pensions Paid (Regular Pension Payments)	1,927,622,454	1,872,862,280	1,769,381,570
5755	3(8)(c) Reimbursements to Other Systems	113,494,867	103,787,767	98,352,514
5753	QEBA	3,158	9,278	16,472
5752	COLAs Paid	208,707,358	192,314,768	176,181,559
	Subtotal	\$ 2,249,827,837	\$ 2,168,974,093	\$ 2,043,932,115
Military Service Fund				
4890	Return to Municipality for Members Who Withdrew their Funds	—	—	—
	Subtotal	\$ —	\$ —	\$ —
Expense Fund				
5119	Salaries	7,981,494	7,297,592	7,830,353
5304	Management Fees	132,578,123	132,164,821	120,185,704
5308	Legal Expenses	36,462	55,766	10,194
5311	Service Contracts	2,331,943	1,467,788	1,059,184
5312	Rent Paid	786,750	755,218	724,682
5320	Education and Training	15,684	4,676	2,062
5588	PERAC Expenses	3,964,772	3,695,935	3,886,474
5589	Reimbursement for Direct Deposit Fees	0	6,109	—
5589	Administrative Expenses	531,145	437,413	546,359
5599	Furniture and Equipment	161,865	179,554	314,996
5719	Travel	31,144	26,685	23,541
5897	Federal Grants Distributed	3,618,410	3,431,861	4,958,158
5900	Reimbursement to General Fund	20,899,153	21,175,997	15,424,275
5589.1	Professional Expense	179,212	—	—
5829	Amortization Expense	3,805,558	3,140,458	2,760,605
	Subtotal	\$ 176,921,715	\$ 173,839,873	\$ 157,726,587
Pension Reserve Fund				
	Subtotal	\$ —	\$ —	\$ —
TOTAL DISBURSEMENTS		\$ 2,970,455,458	\$ 2,825,108,688	\$ 2,676,420,289

Investment Income

	Fiscal 2015	Fiscal 2014	Fiscal 2013
INVESTMENT INCOME			
Investment Income received from:			
Cash	\$ 188,218	\$ 173,081	\$ 1,236,024
Pooled or Mutual Funds	648,449,635	718,402,086	607,491,479
Total Investment Income	\$ 648,637,853	\$ 718,575,167	\$ 608,727,503
4884 Realized Gains	1,068,371,371	1,234,415,865	730,416,391
4886 Unrealized Gains	959,676,401	2,937,694,770	2,079,932,688
	\$ 2,028,047,772	\$ 4,172,110,635	\$ 2,810,349,080
4887 Less Unrealized Losses	(1,698,827,836)	(987,919,980)	(856,970,348)
4885 Realized loss	—	—	—
Net Investment Income (loss)	\$ 977,857,789	\$ 3,902,765,823	\$ 2,562,106,235
INCOME REQUIRED			
3293 Annuity Savings Fund	5,706,167	5,475,985	5,307,164
3294 Annuity Reserve Fund	78,540,492	79,644,451	76,982,684
3295 Military Service Fund	224	222	221
3298 Expense Fund	176,921,715	173,839,873	157,726,587
Total Income Required	\$ 261,168,598	\$ 258,960,531	\$ 240,016,657
Net Investment Income	\$ 977,857,789	\$ 3,902,765,823	\$ 2,562,106,235
Less Income Required	261,168,598	258,960,531	240,016,657
Excess Income (Loss) to Pension Reserve Fund	\$ 716,689,191	\$ 3,643,805,292	\$ 2,322,089,578

Membership Information

Active Members

Previous Year Ending June 30, 2014	85,181
Net Change During Report Year 2015	3,633
Active Membership Current Year Ending June 30, 2015	88,814

Inactive Members

Previous Year Ending June 30, 2014	27,750
Net Change During Report Year 2015	(342)
Inactive Membership Current Year Ending June 30, 2015	27,408

Retired Members, Beneficiaries and Survivors

Previous Year Ending June 30, 2014	61,097
Net Change During Report Year 2015	1,776
Retired, Beneficiary and Survivor Membership Current Year Ending June 30, 2015	62,873

Superannuation	32,673
Minimum Pension Retirements	161
Pop-Up Retirements	835
Early Retirements	912
RetirementPlus Retirements	23,543
Survivors–Active	1,985
Survivors–Retiree	1,766
Accidental Death Retirements	15
Ordinary Disability	424
Accidental Disability	366
Termination	165
Guardian	18
Minimum Pension–Survivor	10

Total Membership, June 30, 2015	179,095
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Notes on the Financial Statements

■ Significant Accounting Policies

The accounting records of the System for June 30, 2015 are maintained on a fiscal year basis in accordance with the standards and procedures established by the Executive Director of the Public Employee Retirement Administration Commission. All investments are stated at market value at the end of the year.

Annuity Savings Fund

The Annuity Savings Fund is the fund to which all members' contributions are deposited. Members withdrawing from the System received a refund of their total accumulated contributions and a required amount of interest. Refunds to members for the report year 2015 were \$36,884,281 and refunds to deceased active members were \$1,787,757 and transfers to other systems were \$10,781,016. The value of the Annuity Savings Fund was \$6.431 billion as of June 30, 2015. In 2015, interest is accrued at a rate of 0.1%.

Annuity Reserve Fund

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and the Special Fund for Military Service credit. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance. In 2015, an amount of \$380.674 million was transferred to the Annuity Reserve Fund. The value of the Annuity Reserve Fund was \$2.497 billion as of June 30, 2015.

Pension Fund

The Pension Fund contains the amounts appropriated by the Commonwealth of Massachusetts and investment funds liquidated from the Pension Reserve Investment Trust designated to pay the pension portion of each retirement allowance.

Pension Reserve Fund

The Pension Reserve Fund is administered by the Pension Reserves Investment Management Board (PRIM Board). The Fund contains amounts appropriated by the Commonwealth of Massachusetts for the purposes of funding future retirement benefits. Any investment income in excess of the amount required to credit the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund and the Special Military Service fund is credited to the Pension Reserve Fund. In 1996, Massachusetts State Teachers' and Employees' Retirement Systems Trust (MASTERS) was merged into the Pension Reserves Investment Trust (PRIT) Fund to form a consolidated pension fund under the management of the Pension Reserves Investment Management Board. Inactive member account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

■ Military Service Fund

The Military Service Fund contains contributions and interest for members while on a military leave for service in the Armed Forces and who receive creditable service for the period of that leave. The balance in the Military Service Fund on June 30, 2015 was \$221,025. Contributions and interest income credited to the Military Service Fund were \$11,583 and \$224 respectively.

■ Expense Fund

The Expense Fund contains amounts transferred from investment income for the purpose of administering the Teachers' Retirement System. Due to the nature of the Teachers' Retirement System's funding and payment structure, it is necessary to record any unreimbursed balances in the Accounts Receivable account. No amounts were unreimbursed as of June 30, 2015.

Management fees are amounts paid by the Pension Reserve Investment Trust for managing investments. PERAC requires these costs be accounted for in the expense fund.

Reimbursement to the general fund is \$20,899,153 is for 3(8)(c) payments received by other retirement systems which are deposited into the MTRS accounts at Bank of America and then are swept by Treasury and posted to the Commonwealth's General fund. MTRS does not have spending authority on these funds.

Federal grants distributed equal federal grant received in the amount of \$3,618,410. Federal money is a pass-through from school districts to MTRS to the Commonwealth's general fund; MTRS role is administrative in that we collect, deposit and record federal funds to the Commonwealth's general fund with no spending authority.

■ Interest-Not-Refunded

Interest-not-refunded is interest forfeited by members upon withdrawal from the System prior to becoming fully vested or forfeited due to criminal convictions. The interest forfeiture applies to members who commenced employment or after January 1, 1984. The 2015 Interest-not-refunded of \$225,100 is recorded as revenue in the Pension Reserve fund.

■ 3(8)(c)

A 3(8)(c) reimbursement is the pension benefit reimbursement received from other Massachusetts public retirement systems for the portion of creditable service attained by retirees formerly contributing to another retirement system. The total 3(8)(c) reimbursements received in 2015 for calendar year 2014 is ultimately credited to the Commonwealth of Massachusetts General Fund for purpose of reducing the state's actuarial liability. The Teachers' Retirement System's 3(8)(c) from other systems during report year 2015 was \$20,899,153. The amount the Teachers' Retirement System paid to other systems out of the Pension fund was \$113,494,867 including \$109,485,000 paid to the city of Boston.

■ Qualified Excess Benefit Arrangement (QEBA)

To comply with Section 415 of the Internal Revenue Code which imposes limits on benefits and annual additions that restrict retirement benefits, the MTRS has funded a QEBA account. The QEBA account will provide benefits that cannot be provided under a qualified plan due to the limits of section 415 on contributions and benefits. The balance is accounted for in cash.

The Activity in the Account:	Beginning Balance	\$ 74,250
	Revenue	0
	Less Payments	– 3,158
	Balance 6/30/15	\$ 71,092

■ Intangible Software Cost: New Line of Business Solution/MyTRS

Capital Asset Activity

Computer hardware and software is recorded at cost and is being amortized on a straightline basis over a useful life of 3 years and 7 years respectively.

	June 30, 2014	Increase	Decrease	June 30, 2015
Assets Being Amortized:				
Infrastructure	\$ 0	\$ 866,604	—	\$ 866,604
Computer Hardware	63,840	163,171	—	227,011
Computer Software	24,627,795	2,900,945	—	27,528,740
Total	\$ 24,691,635	\$ 3,930,720	—	\$ 28,622,355
Less: Accumulated Amortization				
Computer Hardware	\$ (63,840)	\$ 0	—	\$ (63,840)
Computer Software	(9,531,983)	(3,805,557)	—	(13,337,540)
	\$ (9,595,823)	\$ (3,805,557)	—	\$ (13,401,380)
Net Book Value	\$ 15,095,812	\$ (125,163)	—	\$ 15,220,975

■ Estate Receivable and Payable

When a member becomes deceased, this event may create a receivable or payable between the retirement system and the estate. At June 30, 2015 the amount due to be received from estates from 2012 to present is \$409,743 and the amount payable to estates including the deceased members' remaining annuity balance is \$861,125.

In November 2014 the board voted to write off \$1,063,412 in uncollectible estate account receivables from 1988-June 30, 2011.

■ Commonwealth Pension Funding

The Commonwealth appropriated \$1,139,015,000 for State and Boston Teachers for fiscal 2015.

Pension Funding Schedule

QEBA	\$	0
COLA		208,707,358
Pension Fund Appropriation		930,307,642

Total		\$ 1,139,015,000
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■ Installment Accounts Receivable and Deferred Revenue

Members may purchase creditable service on an installment basis. There are approximately 1,700 members with \$11,183,650 in potential receivables due for service purchases. Of that total, \$4,218,282 is due to be collected within one year. The remaining \$7,006,768 due to be collected after one year, is reported as a deferred revenue.

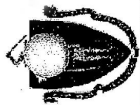
Appendix A

Detail of Accounts Receivable and Accounts Payable

			2015 Amount
ACCOUNTS RECEIVABLE			
4893	Estate Accounts Receivable	\$	409,743
4893	Allowance for Doubtful Accounts		(245,000)
	Net, Estate Accounts Receivable	\$	164,743
1395	3 8 c Accounts Receivable		3,963,919
1395.1	Allowance for Doubtful Accounts		(808,387)
		\$	3,155,532
4893	Installment Accounts Receivable	\$	11,183,650
4891	Member Deductions		77,663,333
4840	Workers' Compensation Settlement		72,600
1396.2	Overpayment Receivable		17,360
	Total Accounts Receivable	\$	92,257,218
ACCOUNTS PAYABLE			
5308	Legal	\$	4,309
2021	Accrued Payroll		252,067
1901	Computer Hardware		61,826
5311	Service Contracts		452,685
5589	Administrative Expense		48,214
5719	Travel		3,331
5757	Estate Accounts Payable		861,125
2022	Escrow Assets Held in Trust for Members		62,326
2020	3 8 c Middlesex		1,134,329
5599	F & E Expense		12,071
1902	Computer Software		27,047
5900	3 8 c Due to General Fund		2,591,869
	Total Accounts Payable	\$	5,511,199

Appendix B

Massachusetts Pension Reserves Investment Trust Statements

MTRS Cash Fund For the year ending June 30, 2015**Pension Reserves Investment Management Board**

84 State Street, Suite 250
Boston, Massachusetts 02109

Deborah B. Goldberg, Treasurer and Receiver General, Chair
Michael G. Trotsky, CFA, Executive Director

State Teachers Retirement System
Cash Investment

June 01, 2015 to June 30, 2015

	Month To Date	Fiscal Year To Date	Calendar Year To Date
Your beginning net asset value for the period was:	16,759,899.52	30,966,884.31	23,910,533.83
Your investment income for the period was:	10,923.86	94,427.57	51,274.68
Your total contributions for the period were:	68,728,278.24	721,148,088.13	375,636,386.59
Your total redemptions for the period were:	(142,808,776.12)	(1,650,025,741.25)	(779,773,786.57)
Your total exchanges for the period were:	83,154,074.77	923,660,741.51	405,999,991.74
Your state appropriations for the period were:	0.00	0.00	0.00
Your ending net asset value for the period was:	25,844,400.27	25,844,400.27	25,844,400.27

As of June 30, 2015 the net asset value of your investment in the Cash Fund was:

\$25,844,400.27

If you have any questions regarding your statement, please contact your Senior Client Services Officer Paul Todisco (617) 946-8423.
A detailed statement of your account is attached to this summary sheet.

Appendix B

Massachusetts Pension Reserves Investment Trust Statements

MTRS General Allocation Account

For the year ending June 30, 2015



Pension Reserves Investment Management Board

84 State Street, Suite 250
Boston, Massachusetts 02109Deborah B. Goldberg, Treasurer and Receiver General, Chair
Michael G. Trosky, CFA, Executive Director

State Teachers Retirement System

General Allocation Account

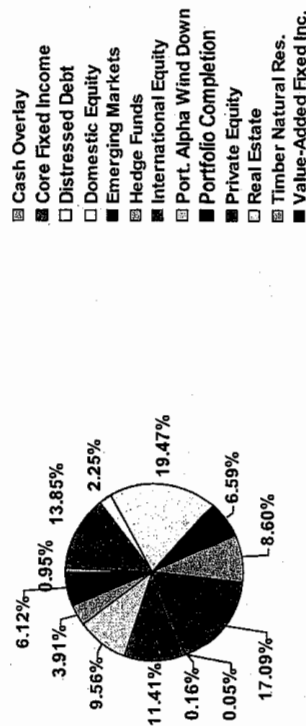
June 01, 2015 to June 30, 2015

	Month To Date	Fiscal Year To Date	Calendar Year To Date
Your beginning net asset value for the period was:	25,547,231,657.43	25,293,748,002.75	25,022,781,692.55
Your change in investment value for the period was:	(248,898,873.22)	845,091,448.20	598,397,008.63
Your exchanges from (to) the Cash Fund for the period were:	(83,154,074.77)	(923,660,741.51)	(405,999,991.74)
Your ending net asset value for the period was:	25,215,178,709.44	25,215,178,709.44	25,215,178,709.44
Net Change in Investment Value represents the net change through investment activities as follows:			
Gross Investment Income:	82,316,597.99	648,449,635.32	351,636,481.03
Less Management Fees:	(29,130,245.68)	(132,578,122.86)	(65,366,611.50)
Net Investment Income:	53,186,352.31	515,871,512.46	286,269,869.53
Net Fund Unrealized Gains/Losses:	(441,868,179.14)	(739,151,435.37)	(282,039,545.27)
Net Fund Realized Gains/Losses:	139,782,953.61	1,068,371,371.11	594,166,684.37
Net Change in Investment Value as Above:	(248,898,873.22)	845,091,448.20	598,397,008.63

As of June 30, 2015 the net asset value of your investment in the PRIT Fund was: **\$25,215,178,709.44**

PRIT Fund Core Asset Allocation

As of June 30, 2015

If you have any questions regarding your statement, please contact your Senior Client Services Officer Paul Todisco (617) 946-8423.
A detailed statement of your account is attached to this summary sheet.

Appendix C

Supplementary Schedules

Members' Balances in the Annuity Savings Account

For the fiscal year ending June 30, 2015

Previous Balance	\$	6,136,293,889
Total Additions Current Year		719,228,705
Total Interest Current Year		5,706,167
Reductions		(49,453,054)
Transfer to Annuity Reserves		(380,674,319)
Transfer from Pension Reserve Fund		0
Balance Current Year	\$	6,431,101,388

Appendix C

Supplementary Schedules

Schedule 1: Cash Account Activity During the Year

For the fiscal year ending June 30, 2015

Type of Account, Account Number, Interest Rate	Book value at the End of the Previous Year	Total Deposits this Year	Income Reinvested/ Redeposited into Account	Withdrawals During the Year	Total Book Value 12/31 this Year	Cash Income Paid to System Not Reinvested or Redeposited	Interest due and accrued 12/31
Bank of America 005102-3319	\$ 0	\$ 25,367,910	\$ 0	\$ 25,367,910	\$ 0	\$ 0	\$ 0
Mellon 007-6347	9,042,977	717,712,098	0	726,452,270	302,804	0	0
Santander Bank 88884804	0	90,000		90,000	0	0	0
Santander Bank 88882154	522,373	34,373		494,573	62,327	0	0
Bank Cash	\$ 9,565,350	\$ 743,204,534	\$ 0	\$ 752,404,599	\$ 365,131	\$ 0	\$ 0
Cash Available on MMARS	116,815,282	2,810,406,909		2,834,756,879	92,465,312		
Total Cash	\$126,380,632	3,553,611,443		3,587,161,632	92,830,443		
PRIT Cash Fund	\$ 30,966,884	\$1,648,276,978	\$ 0	\$ 1,653,399,462	\$25,844,400	\$ 0	\$ 0

Appendix C

Supplementary Schedules

Schedule 5: Schedule of PRIT Funds

For the year ending June 30, 2015

	PERAC Ledger Number 1199 PRIT Capital Fund
Market Value, End of Previous Year	\$ 25,293,748,003
Total Purchases this Year at Cost/Member Deductions	—
Reinvested Investment Income	648,449,635
Realized Gains	1,068,371,371
Realized Losses	—
Unrealized Gains	959,676,401
Unrealized Losses	(1,698,827,836)
Total Sales/Redemptions this Year: Amount Received	—
Cash Dividends Distributions to System this Year	(923,660,742)
Fees Paid	(132,578,123)
Market Value at the End of this Year	25,215,178,709

Appendix C

Supplementary Schedules

Schedule 6: Summary of Investments Owned

For the year ending June 30, 2015

	PERAC Ledger Number			
	1040 Cash	1198 PRIT Cash	1199 PRIT Fund	Total
Current Market Value	\$ 92,830,443	\$ 25,844,400	\$ 25,215,178,709	\$ 25,333,853,552
Commissions Paid During Current Year	0	132,578,123	0	\$ 132,578,123
Investment Income Received During Year	\$ 94,427	93,791	977,669,571	\$ 977,857,789

Appendix D

Prior Years' Statements of Funds Flow

For the year ended June 30, 2014

	2013 Balance	Receipts	Inter-Fund Transfers	Disbursements	2014 Balance
Annuity Savings Fund	\$ 5,933,509,751	\$ 706,317,313	\$ (456,369,028)	\$ 47,164,147	\$ 6,136,293,889
Annuity Reserve Fund	2,505,338,054	79,644,451	382,509,618	435,130,575	2,532,361,548
Pension Fund	—	1,056,678,343	1,112,295,750	2,168,974,093	—
Military Service Fund	219,177	3,812	—	—	222,989
Expense Fund	—	173,839,873	—	173,839,873	—
Pension Reserve Fund	14,259,210,314	3,648,992,930	(1,038,436,340)	—	16,869,766,904
Total All Funds	\$ 22,698,277,296	\$ 5,665,476,722	\$ —	\$ 2,825,108,688	\$ 25,538,645,330

INTER-FUND TRANSFERS

Transfer from...	Annuity Savings Fund	Annuity Reserve	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total
Annuity Reserve Fund to Pension Reserve Fund	\$ 0	\$ (27,545,259)	0	0	0	27,545,259	0
Annuity Savings Fund to Annuity Reserve Fund	\$ (410,054,877)	410,054,877	0	0	0	0	0
Annuity Savings Fund to Pension Reserve Fund	\$ (46,314,151)	0	0	0	0	46,314,151	0
Pension Reserve Fund to Pension Fund for Fund Pensions	\$ 0	0	\$ 1,112,295,750	0	0	\$(1,112,295,750)	0
	\$ (456,369,028)	\$ 382,509,618	\$ 1,112,295,750	0	0	\$(1,038,436,340)	0

Appendix D

Prior Years' Statements of Funds Flow (continued)

For the year ended June 30, 2013

	2012 Balance	Receipts	Inter-Fund Transfers	Disbursements	2013 Balance
Annuity Savings Fund	\$ 5,530,495,990	\$ 688,452,898	\$ (244,829,614)	\$ 40,609,523	\$ 5,933,509,751
Annuity Reserve Fund	2,617,499,108	76,982,684	245,008,326	434,152,064	2,505,338,054
Pension Fund	0	1,128,767,275	915,164,840	2,043,932,115	0
Military Service Fund	384,296	13,593	(178,712)	0	219,177
Expense Fund	0	157,726,587	0	157,726,587	0
Pension Reserve Fund	12,832,174,376	2,342,200,778	(915,164,840)	0	14,259,210,314
Total All Funds	\$ 20,980,533,770	\$ 4,394,143,815	\$ 0	\$ 2,676,420,289	\$ 22,698,277,296

INTER-FUND TRANSFERS

Transfer from...	Annuity Savings Fund	Annuity Reserve	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total
Annuity Savings Fund to Annuity Reserve Fund	\$(244,829,614)	\$ 244,829,614	0	0	0	0	0
Military Service Fund to Annuity Reserve Fund	\$ 0	178,712	0	(178,712)	0	0	0
Pension Reserve Fund to Pension Fund for Pension Benefits	\$ 0	0	\$ 915,164,840	0	0	\$ (915,164,840)	0
	\$(244,829,614)	\$ 245,008,326	\$ 915,164,840	(178,712)	0	\$ (915,164,840)	0

Appendix E

Actuarial Valuation and Assumptions

The most recent actuarial valuation of the System was prepared by PERAC as of January 1, 2015.

The Normal Cost for Employees on that Date was	\$	620,692	10.01% of payroll
The Normal Cost for the Employer was		177,101	2.86% of payroll
The Actuarial Liability for Active Members was	\$	17,571,691	
The Actuarial Liability for Retired Members was		25,919,078	
Total Actuarial Accrued Liability		44,115,769	
System Assets as of that Date		23,946,759	
Unfunded Actuarial Accrued Liability		20,169,010	

The principal actuarial assumptions used in the valuation are as follows:

Investment Return	7.75% per annum
Rate of Salary Increase	4.0 – 7.5% based on years of service

Scheduling of Funding Progress

(Dollars in thousands)

Actuarial Valuation Date	January 1, 2015
Actuarial Value of Assets (a)	\$ 20,169,010
Actuarial Accrued Liability (AAL) (b)	44,115,769
Unfunded AAL (UAAL) (b-a)	20,169,010
Funded Ratio (a/b)	54.3%
Covered Payroll (c)	6,204,274
UAAL as a % of Covered Payroll ((b-a)/c)	385.98%